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CIA Oil Figures Raise Eyebrows Among Experts

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This is a story about the Central Intelligence Agency and the domestic energy policies of the American government.

It begins, in a public sense, last April, when President Carter revealed in a television appearance that he had received "disturbing" new findings about world energy supplies.

There is less oil and gas available in the world, he said, than the government had previously believed. It was therefore imperative that an energy bill be passed "to cut down the waste of energy."

His fears were underscored eight months later, on Christmas Day, when The New York Times reported that Saudi Arabia, with its oceans of oil, may have far less productive capacity than previously believed. This information, said the Times, came from "leading energy experts."

It was, in fact, the CIA which had raised the alarm about the Saudis, and it was the CIA that had provided Carter with the ammunition for his warning.

Carter acknowledged his debt to the CIA during his television appearance. In so doing, he also acknowledged the dependence of the White House and of Congress on the CIA in the formulation of domestic energy policies.

For good or ill, the CIA is the government's most important single source of international energy information, including estimates of how much is out there and how much is available to the United States.

This may seem both unfortunate and sinister to the agency's critics. It is an inevitable and sensible role for the agency in the minds of others, including the respected international energy expert at the Library of Congress, Herman Franssen.

"The CIA," he says, "probably has the best act in town. Nobody else can do it; the only other source would be the companies."

Energy Secretary James R. Schlesinger Jr. says the CIA's role in making estimates of foreign oil capacity in connection with the domestic energy plan is to be expected, "given that the CIA has been at work for years on the question of estimating ... the trends in foreign capacity and foreign intentions with regard to production."

"What falls outside of the traditional compass of the intelligence community is that this has gone public," Schlesinger says.

There is another question about the CIA and energy policy, however. It is directed at the agency's capabilities and the quality of its work.

Specifically, there is widespread doubt in the energy community about the validity of the CIA report cited by the president last April and about the CIA report cited by the Times in December.

The heart of the April report was a CIA prediction that the Soviet Union would be importing up to 3.5 million barrels of oil per day by the mid-1980s. Previously, the assumption had been that the Soviets would continue to be self-sufficient in meeting their oil and gas needs.

The CIA's revisionist analysis is now under serious challenge by West European intelligence agencies, by the Library of Congress, by a number of major oil companies, by the Soviets and, somewhat surprisingly, by Schlesinger.

The same is true of the revisionist analysis of the Saudi oil fields, prepared by the CIA's Bureau of Economic Research, classified secret and never released except in the form of a leak to The New York Times.

The response to the Times' version of the CIA's Saudi report has ranged from ridicule to astonishment. The critics include the State Department, the General Accounting Office, the Arabian American Oil Co. (Aramco), the Saudi government and, to a lesser extent, Schlesinger.

In summary, the CIA claimed that the Saudi oil fields were, in effect, wearing out, partly because of mismanagement, and that their ability to produce oil was far less than previously believed.

This revisionist conclusion may have been reflected in the unexplained gyrations that began appearing in December in the CIA's biweekly reports on world oil supplies.

In November, the agency estimated the productive capacity of the Saudi fields at 11.5 million barrels a day. In December, that estimate was cut to 10.5 million barrels. In January it was cut to 8.8 million barrels.

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- Frank Pagnotta, another Schlesinger aide, who worked for the CIA's deputy director.
- Philip Woodside, the international oil specialist for the General Accounting Office, who spent more than a decade with the CIA as an oil analyst in the Middle East and Latin America.
- George W. Cave, the CIA station chief in Saudi Arabia, who is a former Aramco employe.
- Raymond H. Close, the former CIA station chief in Saudi Arabia, who retired from the agency last year and now works for the Saudis.

There are, in addition, scores of known or suspected CIA operatives, alumni and cooperators with an abiding interest in oil.

Two of the best known and most respected in international oil circles are Mike Ameen of the London office of the Mobil Oil Corp., and Jack Bridges, a former congressional aide who now works for the Saudis as director of the King Faisal Foundation with offices in Northern Virginia.

They ritually deny CIA ties, but there is no doubt that they have CIA contacts and intimate relationships with the Saudis.

This web of relationships is nothing new in the oil business. For years, the CIA and the international oil companies have worked closely together out of a community of interest.

Frank Jungers, board chairman of Aramco until last year, is candid on that point: "For years out there [in Saudi Arabia] we had a good relationship with the agency, partly because I thought it would make things easier."

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